

Testimony of the
Connecticut ENT Society
Connecticut Urology Society
Connecticut Society of Eye Physicians
Connecticut Dermatology and Dermatologic Surgery Society
In SUPPORT of
SB 318 AN ACT CONCERNING HEALTH INSURANCE RATE INCREASE REQUESTS

To the Insurance and Real Estate Committee
On February 8, 2011

Good Morning, Senator Crisco, Representative Megna, and other distinguished members of the Insurance and Real Estate Committee, I am Steven Levinson, M.D., and I am a board certified otolaryngologist . I am here today to represent more than 1200 physicians in a variety of medical specialties in support of SB 318 An Act Concerning Health Insurance Rate Increase Requests.

I would like to thank this committee for again raising a bill for public hearing that physicians believe is long overdue and will bring more transparency to healthcare by providing insight into the process and rationale that managed care organizations use to support their requests to increase consumer premiums. Physicians, who are the engines that drive the healthcare delivery, are often perplexed and dismayed when we see the reimbursement rates for medical care by physicians and hospitals go down year after year while MCO profits continue to increase. Despite this curious situation, co-pays, deductibles and premiums to consumers continue to rise. It is an accounting mystery even to those who are intimately involved with the system. Physicians are also involved with the healthcare system on the other side of the issue, as small businessmen who incur these drastic and exorbitant premium rate increases as we provide insurance for our employees and our families.

The bottom line is that we strongly support any legislation that will allow Americans to get better quality care, with fewer errors, for a justifiable premium price. The Honorable Alex M. Azar II reported that Americans currently spend about \$1.9 trillion on health care annually. That is 16 percent of our GDP. What is problematic about this is that health care spending is growing at a rate that poses challenges to the rest of our economy, particularly as we struggle through the worst economic downturn in our lives. Healthcare costs are growing more rapidly than the general rate of inflation, for reasons that are not always intrinsically related to the value delivered by the system. In nominal terms, health care spending is growing three times faster than wages, and by 2015, we will be spending 20 percent of our GDP on health care if this trend continues. Medicare alone accounts for an estimated 3.2 percent of this year's GDP and is projected to consume 11 percent of GDP by 2080. Clearly we need solutions to this escalating problem, but solutions will be impossible unless we are given the critical information from the managed care industry on medical loss ratios. We also need clarity on why they feel continued increases in premiums are justifiable despite their cost containing efforts on direct medical expenses and their increasing profits. We need transparency and the only way to achieve this is through a process that can evaluate the data in a meaningful and unbiased way.

We thank you for your consideration of such an important bill and hope you can continue to support legislation which leads to better transparency in the healthcare industry.